

Press conference of Amb. Robert Zoellick and Secretary Ann Veneman
Held Sept. 4, 2001 at the Cairns Group Ministerial Meeting
in Punta del Este, Uruguay.

Veneman We're on a bit of a short timeframe, because we're scheduled to be back in Washington tonight because of the beginning of the meeting with President Fox and President Bush. Both of us are scheduled to be participating in that early tomorrow.

This short trip that we were able to make here together has been a very important one, important in terms of the bilateral discussion we had with various of the countries that are attending here, and as well a means by which we have been able to discuss ways to move forward together, to make advances in a new WTO round, and particularly as we lead up to the meetings in Doha, only about eight weeks away -- means by which we can work together to try to achieve a successful and comprehensive result. So I am very encouraged by the meetings here, I appreciate the time all our colleagues have given us, and I appreciate the opportunity to be here with Ambassador Zoellick.

Zoellick First I'd just like to echo Ann's remarks, and to thank President Battle. We appreciate very much the invitation and the warmth and hospitality that they have shown. I've had the opportunity to talk to the President on a number of occasions, and I inevitably gained from his insight and experience. And in this case we also benefited from his leadership.

As you know, the Cairns Group of agricultural exporting countries is really a natural partner for the US. Opening markets for America's farmers and ranchers is a top priority for President Bush, and we very much believe that the best way, indeed the only way, to achieve significant liberalization of agricultural globally is through a new trade round. To that end the meeting that I attended over the weekend in Mexico City and this meeting have added, in my view, some very useful momentum toward ensuring that agricultural liberalization will be central to any new global trade negotiations. As I mentioned when I left Mexico City, I thought that our discussions there were very good, there was an open sense, I think we had a flexible spirit and I think there was a real recognition at that meeting, that was parallel to this one, of the key role that agriculture will have to play in the launching of a new round.

I think it's also clear that for the European Union and Japan to move on any negotiations we'll also have to deal with issues that will create an overall climate of success for the round. As I think all of you are aware, Secretary Veneman and I have come here, in part, to re-stress a message that we've relayed elsewhere around the world, which is the commitment that the United States has on agricultural trade liberalization. As I stated in Mexico City and as we've both stated here, the US wants to eliminate export subsidies, we want to increase market access, and we want to try to reduce trade-distorting domestic support, if others agree to do so.

It's an ambitious agenda. It's an agenda that we believe very much matches that of the Cairns Group, and that is why we are pleased to be here with them. The bottom line for me, having had this trip, and the one right before it in Mexico City, is that I think these two meetings have given us a sense of momentum and a clear road map to Doha. Agriculture will play a central role in any new global trade negotiations, and I don't believe that there will be significant trade liberalization outside the context of a global negotiation. That's the only way for us to be able to find some political will for difficult decisions. I think that both the meeting here and the meeting in Mexico City made clear that everyone wants to ensure success in Doha, and that the vast, vast majority of countries want to launch a new global trade negotiation.

This is not only about trade, because we believe that there will be no global sustained economic growth, including for the agricultural economies, without the engine of trade. Increased global economic growth and development have been ignited by global trade liberalization, and sustainable economic growth is fundamental particularly to the countries that are hosting us here, the countries of Mercosur. In that context, as I think many of you know, I felt I had an excellent meeting this morning of 4 + 1, an informal 4 + 1 meeting with the Mercosur democracies. We have focused on a common agenda for free trade, growth, development and jobs, in different forms. As I think you know, this meeting built on the 1991 Rose Garden Agreement, something in the former Bush Administration that both Secretary Veneman and I participated in. We were pleased when President Batlle recalled this agreement and suggested that we use it to send a signal of our commitment to the region as well as to economic growth and liberalization.

We agreed this morning to have a formal 4 + 1 session in Washington on September 24. That's a date that I didn't provide when we talked right after the meeting, because I had to double check with my office in Washington. This is a follow-up, as many of you probably know, from the time when the US worked with the IMF to offer some financial support for Argentina, when we talked about the possibility of this meeting's being done in the next month, and we're pleased we have been able to work out schedules to do so. To make sure that we have as useful a session as we can, we have agreed to have our deputies prepare the meeting, and to establish a consultative council that was called for in the 1991 agreement, to have an on-going framework to deal with the necessary technical issues. Our agenda will address our work on free trade in different but mutually-reinforcing settings. Many of these issues overlap with one another. Obviously our near-term priority is to develop a common strategy, which we're well on the way to doing, for the global round in Doha that is only 8 weeks away. There's a strong interest in agriculture as part of that round. As I think was eminently clear from our discussions today, there is an extremely close convergence of views between the United States, Mercosur and the other countries of the Cairns Group on agriculture.

Second, you know that President Bush is very committed to the Free Trade Area of the Americas, the ALCA, which was given a significant launch at the Quebec City meeting in April of this year. So that we will be working with our Mercosur colleagues on that issue.

And third, the 4 + 1 framework will give us an opportunity to focus on trade liberalization among our five countries to support growth. We believe that the sectorial issues that we can look at in that context will be important for the global round, the FTAA, and in the relations among our countries. Just to give you a sense of some of the specificity, we agreed this morning that we would work on market access, topics like trade facilitation, agriculture, SPS – that's sanitary and phytosanitary issues – biotech, investment, and services. Let me just say a word on a personal level. As I think many of you may know, at the start of the Administration there were some questions raised about whether there would be sensitivities in the relationship between the US and Mercosur. I am absolutely delighted that the colleagues I met with this morning are ones that I consider good friends, we worked together cooperatively, and in some ways all of us, and I have to compliment them, have risen to the challenge, because we know this is a time of economic difficulty. Argentina has gone through some very wrenching changes. I have the utmost respect for President de la Rúa, my colleague Mr. Rodríguez Giavarini, and obviously Minister Cavallo as well. They are taking on some very difficult challenges and this is certainly appreciated by the United States and their Mercosur colleagues. That's one reason why we believe that all the efforts on the financial side have to be complemented by a broad-based trade liberalization policy, so that the

financial reforms can be complemented by long-term growth. So we are trying to achieve that globally, regionally, and also in the context of 4+1.

The last word I'll say on this is that, as both Secretary Veneman and I have known from our work with President Bush over the years, this President has an extremely strong interest in the Western Hemisphere. Thus, our work with Mercosur is really part of a larger effort, efforts that we want to pursue with the Andean nations by extending the Andean Trade Preference Act, the liberalization with the Andean region, special trade liberalization efforts that we are exploring with Central America, and of course the US-Chile FTA that we still expect to complete by the end of the year. So in that context the meeting we had this morning with the 4+1 reflects what we hope will be a hallmark of the Bush Administration, which is a much more textured, deeper set of relationships with all the Western Hemisphere, which President Bush calls our neighborhood.

Thank you very much. We'd be pleased to take your questions.

J (Reuters) Were you able to find consensus on the idea of establishing globally recognized scientific standards for GMOs, food safety issues and the like, as a concerted push for global standards on this, or could this become another trade barrier like [unintelligible] US wheat trying to enter the Chinese market a couple of years ago?

Veneman It's a very good question and one that I think is extremely important as we move forward, and one that we've not really had to address in previous negotiations, in the sense of biotechnology. However, we did, when we launched the Uruguay Round here in Punta del Este 15 years ago, recognize that as other barriers to trade came down there would be a need for rules on sanitary measures. So the Punta del Este declaration recognized that and included it, and in fact out of the Uruguay Round came the first comprehensive set of rules on sanitary and phytosanitary measures that have been extremely important as the world trading system has moved forward in agriculture, as it has in the past 15 years, or actually less than that. We did not talk specifically about globally recognized standards on biotechnology, but biotechnology is a common theme. We have talked with many countries on the need to move forward on biotechnology, on ways in which we can work together on legislation this is being proposed in other parts of the world, and to make sure that such regulations do not impede trade in products. I think we have a strong [unintelligible] agreement on the need to make sure that trade should not be obstructed by regulations relating to biotechnology. So we look forward to working with our Cairns colleagues on these issues and I believe we all have a mutual commitment to do so.

Zoellick Just two complementary points. One, it was not our purpose here to hammer out agreements, and therefore I don't want to take the point of consensus too far. But I certainly do not hear one point of disagreement as we discuss these topics. So, at least on the basis of informal discussions I think there is a strong consensus.

The second point is that, as Ann talked about, there is a framework for this already within the trading system. And part of our purpose is to use that framework, including the Codex process, to make sure that there is a fair opportunity to develop products that have much potential. That is something else --perhaps a third point-- that I think we should not lose sight of. One of our colleagues from Latin America made the point that biotechnology is just a form of improved productivity that you see in agriculture, just like you see in other industries. One should not overlook what that productivity means. It means that many millions, tens of millions, hundreds of millions of people around that world who now are not having sufficient nutrition have the opportunity to have

more fulsome lives based on the need to be able to move beyond scrabbling for existence. In addition it offers the possibility of beating vitamin deficiencies, and improved health. For much of the world, just as we saw in the course of the green revolution, it offers potentials to try to make sure that whether it be use of pesticides, fertilizers, or others, that farming can become much more efficient in a way that, frankly, in some cases will make sure that other environmental problems of the past can be overcome, because it allows the potential to use biotechnology to create a better product. So, that in fact one clear point of common agreement between the US and the Cairns Group of countries is that some people talk about biotechnology as a threat, and it's a tremendous opportunity and it would be hard for me to appreciate if in the area of financial services or manufacturing or others if people would say we cannot go forward with productivity and technology improvements. And that's exactly what's going on here.

Journalist [name unintelligible], Diarios y Noticias Agency, Buenos Aires

This is a question for Mr. Zoellick. In the case of the 4+1 negotiations, will you be asking for any special kind of fast track authority? And how will you be dealing with the US Congress, which apparently is studying new legislation that would increase subsidies?

Zoellick First the efforts that the President, and Secretary Veneman and I, and Secretary Evans and others are pursuing on trade promotion authority is for general authority to engage in free trade agreements globally, regionally and bilaterally. So, we hope, it will be a general grant of authority. Let me be clear in terms of the 4+1 arrangement. Within the hemisphere we are now committed to a Free Trade Area of the Americas, and the US-Chile Free Trade Agreement. In the case of the 4+1 we are trying to look at how we can support free trade together, which is not the same as initiating a free trade agreement. We are looking at how we can support free trade globally, regionally and with the Mercosur countries. That could also lead to other possibilities, which we are certainly willing to explore, but what we are hoping to do starting in September is to focus on specific problems and opportunities that would be relevant for global, regional or bilateral negotiations. In the context of TPA, I would say that this is authority that will allow us, we hope, to complete a global round, to complete the FTAA, and to complete bilateral agreements with various countries as we proceed to work them through and calculate mutual opportunities. At this point, with the four countries of Mercosur, we want to try to look at trade liberalization across that agenda, with an open mind towards particular possibilities with the group of countries and with the individual countries.

Veneman I believe you also asked a question about our Farm Law and our subsidy programs. I know there has been a great deal of attention paid to the fact that there has been some movement in the Congress in the House Ag Committee on new farm legislation. I might point out initially that this legislation does not expire until about a year from now, in 2002, so that while the House Ag Committee is being very aggressive in its timetable and trying to work on new legislation, the Senate is yet to start its process. And the Administration is in the process of setting forth principles that we believe will be important to us as the debate on farm policy goes forward. One of the principles important to our colleagues here is that our farm program should be consistent with our trade obligations and our trade policy, and that's something that the Administration feels very strongly about. So, the debate on our farm programs is far from over, and we will be active participants as the Congress moves forward in this debate.

Journalist [unintelligible name] Reuters News Agency

Does the US Administration support calls to change the Byrd [?] Amendment?

Zoellick As you know, the Byrd [?] Amendment was passed by the Congress last year and signed by the President. Some of our trading partners are questioning its acceptability under WTO rules, and we have begun a dispute resolution process based on that, because it is the law of the land in the US and we're in the process of defending that through the WTO procedures. And I know of no legislative effort to change that.

Journalist [name unintelligible], O Estado do Sao Paulo newspaper, Brazil

I'm not clear on the purpose of the 4+1 negotiation. We have spoken with people from Mercosur, and it seems to us that there is no clear will on the part of the US to reach a free trade agreement with Mercosur. You have talked a lot about liberalization and free trade. The question, is there a will on the part of the US to negotiate a free trade agreement with Mercosur?

Zoellick I'm glad you asked the question because I noticed in some reports there was some confusion on that topic. As I mentioned the 4+1 agreement is one that's been in effect for about 10 years but hasn't really been utilized effectively. As you also know, we are pursuing with the Mercosur countries an effort for a free trade agreement for all the Americas. Based on what I think people perceive as the success of our Free Trade Agreement with Chile-- which we hope to complete this year-- others in the region, including Mercosur and other countries, have expressed an interest in the possibilities of separate free trade agreements, bilateral or otherwise. We have a full plate, not the least of which is focused on the launching of a global round, where we share a very close common agenda with Mercosur countries. I was just with the Ministers of three of them in Mexico City and, frankly, the perspectives we shared were very, very close in that session.

So, what we decided to do, in part through the suggestions of the President of Uruguay, but also based on my own close consultations with my colleagues in Brazil and Argentina, and also talking with Paraguay, was to see that, how, given our common interests and the challenges for growth in the Southern Cone, can we try to promote our common interests globally, our common interests with the ALCA, or to explore the possibilities involving our countries either separately or individually. The United States appreciates the important role that Mercosur has played, we know it's under stress and we want to be supportive of it. So, what we talked about this morning was how we could focus on the particular building blocks that could be useful in a global negotiation to help us to resolve some of the issues for the FTAA, and for the possibility for additional free trade among our countries. So, we thought it is most useful, given the priorities that all of our countries have on the global round, being that we only have 8 or 9 weeks left to Doha, to spend a significant amount of our time preparing our strategies on that. But we also want our staffs to start working on some of the details of the issues I've mentioned, be it e-commerce, or SPS, or the biotechnology issues. We have a lot of commonality: various market access topics, investment topics, government procurement. Our thought is that, depending on the direction that the global economic process takes, and that the hemispheric one takes, that is a good investment, regardless, because it will help us either hemispherically, globally, and perhaps with the countries of Mercosur on more specific arrangements. But we have to lay the groundwork first, before we can take a step toward a formal free trade agreement, and that's not a point where we're at yet, but it may be at some point. The best way to prepare the way is to explore some of the substance before just committing to the process.

Journalist [name unintelligible] – El País newspaper, Montevideo.

Yesterday, during the opening session of the Cairns Group meeting, President Battle raised the possibility of group's ... [recording interrupted].

Zoellick I used to be a sherpa, a preparatory person, for two G7 summits in 1991 and 1992. One of the lessons I learned is that one would have to give particular efforts to the chair country, and for the next year the chair will be Canada. I believe that the Canadian representatives here took on board that suggestion. The larger point the president was making, whether it be done in that context or in the context like the Western Hemisphere Summit we had in Quebec City, was that we need to have a high level political dialogue that emphasizes the integration of political and economic ideas. That is something that the US has welcomed in the region, and indeed, following up on the previous question, to some degree that is why we wanted to intensify our relations with Mercosur, because at the Ministerial level we can discuss some of the common political and economic issues. So, we thought it was a valuable idea, I suspect that the sherpas of the G-7 process will look at it with the Canadian chair, and regardless of what they decide, I think that from the point of view of the US the President's political insights have practically been invaluable, so we welcome having the opportunity to gain them, be it multilaterally or bilaterally.

Journalist [did not identify self]

So, then, in the terms of what's been said here, what would be the sense of the FTAA and the 4+1, in connection with the new round of WTO negotiations?

Zoellick US trade policy is to try to move ahead with liberalization globally, regionally and bilaterally. We see that as mutually reinforcing. And again, just to give you one example which I think is of relevance to the Cairns Group, the work that Secretary Veneman and I did in terms of the NAFTA agreement and then to launch the APEC process was used very effectively by our successors in the Clinton Administration, with the closure of the NAFTA agreement and the first APEC summit, to press the Europeans to close the Uruguay Round. This shows how competition in globalization can work to our advantage. The US is proceeding globally with the WTO, regionally in particular with the FTAA, and at this point bilaterally with Singapore and Chile, and we're trying to complete, through the Congress, an agreement with Jordan. We've looked at other possibilities. The key of the message that we're trying to relay today is that in some areas the nature of the trade liberalization challenge particularly requires a global or systemic approach, and that is most true in agriculture. In particular there is a concern about subsidies, for various countries. If you look at the subsidies numbers, the US numbers are far lower than that of Japan and Europe, but it will be very difficult for us to persuade our Congress to reduce those subsidies unless there is a reduction of subsidies in Europe and Japan. So, one of the reasons why we see these global, regional and bilateral efforts as integrated is that while in some ways the issues are similar, we have to make progress in some areas like global agriculture in order to create the context for other regional and bilateral agreements. On the other hand, sometimes you can use bilateral agreements to create models of liberalization, as in the case of Chile or in our agreement with NAFTA where we make advances in intellectual property or services. So it's a mutually reinforcing system. To bring the question back to the Mercosur context, we are extremely pleased about the relationships with the Mercosur countries and the prospects for closer economic integration. We have some challenges, because we have some areas that they complain about and they've got some areas that we complain about, but the only way to get at those is to try to have a serious, substantive discussion, and in doing so, frankly, we think we will improve the climate for working in the FTAA as well as globally.

Veneman

Thank you all for coming today. We've appreciated the opportunity to be here with our colleagues, and we appreciate the hospitality of the Uruguayan government and their officials, and again we thank all of you for coming.